



**STATE OF VERMONT**  
**OFFICE OF THE STATE TREASURER**

**NEWS RELEASE NEWS RELEASE NEWS RELEASE NEWS RELEASE**

For immediate release: December 17, 2003

For more information or interview, contact: Jeb Spaulding at 802-828-2301

**Treasurer Proposes Big Savings for Pension Plans**

Montpelier – State Treasurer Jeb Spaulding unveiled a proposal today to save approximately one million dollars per year in investment management fees for Vermont’s three State-level pension funds and to strengthen the investment oversight and management process of the three systems.

“This is an exciting proposal because, at a time other costs are escalating, we can save our retirement systems a considerable sum that is currently going to out-of state money managers, and we can beef up our investment decision-making capacity in a particularly turbulent investment climate,” Spaulding explained.

Spaulding’s proposal results from a directive by the 2003 General Assembly to develop a proposal to unitize the assets of State pension funds. Unitization is a form of investment accounting that allows one pension fund’s assets to be pooled with the assets from other pension funds for investment purposes, while maintaining a separate identity for actuarial, accounting and asset allocation purposes. Each pension fund in a unitized system essentially owns shares in a pool. Investment growth and income are allocated to the individual funds based on the number of shares owned.

According to Spaulding, since investment management fees are based on the size of the portfolio under management, by consolidating managers for investments in common asset classes, fees will be reduced considerably by this proposal.

Under Spaulding’s proposal, the three existing retirement boards would continue to oversee areas such as actuarial valuation, benefits, and general administration, but a new nine-member joint investment committee made up of board members and investment experts would be responsible for the investment assets of each of the three Vermont Retirement Systems.

“Given the relatively small size of the pension funds, it is difficult to provide the optimal level of investment education and support for three boards. Over time, a joint investment committee can be expected to gain improved knowledge and capability that are likely to improve the investment performance for all three funds,” he explained.

The State Employees’ Retirement Board and the State Teachers’ Retirement Board have recently voted to support Spaulding’s proposal in concept. The Municipal Employees’ Retirement Board will vote later this month on whether or not to support his plan.